

VZCZCXRO0850
OO RUEHCN
DE RUEHBJ #4958/01 0751157
ZNR UUUUU ZZH
O 161157Z MAR 06
FM AMEMBASSY BEIJING
TO RUEHC/SECSTATE WASHDC IMMEDIATE 0452
INFO RUEHOO/CHINA POSTS COLLECTIVE IMMEDIATE
RUEHBR/AMEMBASSY BRASILIA IMMEDIATE 0359
RUEHLM/AMEMBASSY COLOMBO IMMEDIATE 0794
RUEHMD/AMEMBASSY MADRID IMMEDIATE 0681
RUEHSG/AMEMBASSY SANTIAGO IMMEDIATE 0207
RUEHTV/AMEMBASSY TEL AVIV IMMEDIATE 1909
RHHMUNA/CDR USPACOM HONOLULU HI IMMEDIATE
RUEHGV/USMISSION GENEVA IMMEDIATE 0892
RUEHUNV/USMISSION UNVIE VIENNA IMMEDIATE 0830

UNCLAS SECTION 01 OF 04 BEIJING 004958

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E.O. 12958: N/A

TAGS: [PREL](#) [ECON](#) [PHUM](#) [PARM](#) [CH](#) [JP](#) [IR](#) [KN](#)

SUBJECT: MARCH 16 MFA PRESS BRIEFING: U.S.-CHINA TRADE
FRICTIONS AND ENERGY COOPERATION, TRILATERAL SECURITY
DIALOGUE, HUMAN RIGHTS COUNCIL, IRANIAN AND NORTH KOREAN
NUCLEAR ISSUES, REPATRIATION OF ILLEGAL IMMIGRANTS,
PHUNTSOG NYIDROL

Summary

11. Key points made at the March 16 MFA press briefing
are as follows:

- China hopes U.S.-China economic and trade frictions
can be resolved through consultation but will no
longer adopt administrative measures to control
exchange rate fluctuation.
- China does not view the United States as an energy
competitor.
- Beijing hopes the U.S.-Australia-Japan security
dialogue will contribute to the enhancement of mutual
trust and regional peace and stability.
- China supports the newly established Human Rights
Council and hopes it will be a just and objective
forum.
- There is still potential for a diplomatic resolution
to the Iranian nuclear issue.
 - The Six-Party Talks are a realistic and effective
mechanism to bring about a nuclear-free Korean
Peninsula and regional peace and stability.
- The PRC will repatriate Chinese illegal immigrants
whose nationality has been verified.
- The number of Latin American soldiers China trains
is negligible compared to the number receiving U.S.
training.
- Beijing cannot understand how Japan's most senior
diplomat can deliver remarks that are "contrary to
common sense."
- Beijing supports Macau's investigations into illicit
financial activities.
- China condemns the recent Israeli military
operations and urges an end to the violence.
- Based on humanitarian considerations, China allowed

Tibetan nun Phuntsog Nyidrol to travel to the United States for medical treatment.

- During State Councilor Tang's Recent Visit to Sri Lanka, he discussed an agreement on power plant construction.

- Spanish FM Moratinos will visit China March 20-23.
End Summary.

U.S.-China Currency Discussions

12. Referring to the visit by U.S. Senators Schumer and Graham to China next week to discuss the RMB exchange rate issue, a foreign correspondent asked at the regular March 16 MFA press briefing what results Beijing expects from the visit. MFA Spokesperson Qin Gang said he was unaware of the Senators' specific schedule but expressed the hope that U.S.-China economic and trade frictions can be resolved through consultation, which will benefit bilateral ties. He repeated remarks by Premier Wen Jiabao following the conclusion of the NPC that the current RMB exchange rate regime is flexible and operates according to market forces. Administrative measures to control exchange rate fluctuation will no longer be adopted. The United States, which maintains a free economy, should understand this concept very clearly.

U.S.-China Energy Cooperation

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13. Asked to respond to the support reportedly expressed by U.S. Senator Lugar for increased U.S.-China energy cooperation, Qin remarked that Beijing does not view the two countries as energy competitors. China is prepared to work with the United States and other countries in the energy field, including in gas, oil and renewable energy resources. Qin stressed that there is great potential for international energy cooperation, adding that arrangements for specific projects should be conducted through existing channels. Asked about Westinghouse's bid for the construction of nuclear power plants in China, Qin noted that companies from various countries are interested in these projects. China will make a decision based on market considerations.

U.S.-Australia-Japan Security Dialogue

14. Questioned by a number of foreign correspondents about speculation that the upcoming U.S.-Australia-Japan security dialogue will focus largely on China, Qin expressed the hope that the three countries, as well as all Asia-Pacific nations, will contribute to the enhancement of mutual trust and regional peace and stability. While transparency helps build mutual confidence, the key is actions that help promote global peace. Highlighting China's release of defense white papers, Qin stated that Beijing maintains a completely transparent and defensive military policy and hopes that relevant parties can view this matter objectively. The increase in international military exchanges corresponds to China's development strategy and security conditions.

Human Rights Council

15. Asked about the establishment of the UN Human Rights Council (HRC), Qin noted that China voted for the HRC resolution. The resolution reflected a fair distribution of regional seats and resolved the problem of insufficient representation for Asian countries that existed in the former Commission on Human Rights. The resolution also highlighted that the HRC should respect countries' different cultural, religious and historical backgrounds, attach equal importance to civil, political, economic, social and cultural rights and promote dialogue on human rights. China hopes the HRC will be a just and objective forum and avoid politicization, double standards and a repeat of problems that affected the Commission on Human Rights.

Iranian Nuclear Issue

16. Asked whether the referral of Iran to the UNSC could lead to a discussion of the DPRK nuclear issue within the UNSC, Qin stated that China is closely following developments with regard to Iran and still believes there is potential for a diplomatic resolution. The relevant parties should continue to work for a peaceful solution.

DPRK Nuclear Issue

17. Qin maintained that the Six-Party Talks are a realistic and effective mechanism to bring about a nuclear-free Korean Peninsula and regional peace and stability. The Six-Party Talks are an ongoing process and close communication has continued both during and between the Talks, he remarked, adding that the recent visit by the DPRK's deputy delegation head to China demonstrates progress. Asked about the meeting between DPRK DG for American Affairs Li Gun and VFM Wu Dawei, Qin said that the Six-Party Talks and the situation on the Korean Peninsula featured largely in their discussion.

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Response to DHS Statement on Illegal PRC Immigration

18. The Spanish News Agency correspondent asked about reported remarks by Department of Homeland Security Secretary Chertoff regarding the large number of

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illegal Chinese immigrants in the United States. Qin stressed that the Chinese Government opposes all forms of illegal immigration and has adopted measures to combat the problem. China adheres to a policy of "repatriation after verification" and will accept deported PRC citizens whose nationality has been verified. While supporting international cooperation in this area, Beijing opposes the politicization of illegal immigration under the pretext of political asylum. Such an approach will not lead to a resolution of the problem nor contribute to regular people-to-people exchanges between countries.

China-Latin America Military Cooperation

¶9. Asked about U.S. General Craddock's recent testimony to the Senate Armed Services Committee regarding the increase in China's training of Latin American troops, Qin responded that China's development of normal state-to-state relations with Latin American countries does not target any third party or constitute a threat to any country. The PRC military maintains regular exchanges with its Latin American counterparts through visits by military leaders and training cooperation. Qin remarked that the number of Latin American soldiers China trains is negligible compared to the number receiving U.S. training.

Japanese FM's Remarks "Contrary to Common Sense"

¶10. Asked about Japanese FM Aso's recent reported criticism of China-DPRK trade and whether Japan made formal representations on the matter, Qin asserted that the Japanese Government has not made representations to the MFA on China's trade with North Korea nor would China accept such a demarche. Beijing cannot understand how Japan's most senior diplomat can deliver remarks that are "contrary to common sense." Questioned about FM Aso's comments on China's East China Sea proposal, Qin stressed that China's exploration activities are being conducted in an area not disputed by Japan. Bilateral disputes should be resolved through negotiation, and China opposes unilateral steps by Tokyo that could violate Chinese sovereignty. Qin voiced the hope that the matter will be handled properly and that a rise in tensions will be avoided.

Banco Delta Asia

¶11. Asked about the investigations into the operations of Banco Delta Asia in Macau, Qin highlighted both the Central and Macau Government's opposition to illicit financial activities. Beijing supports Macau's investigations into violations of the law but believes they should be conducted in accordance with the law.

Israeli Military Actions in the West Bank

¶12. Questioned by the Al-Jazeera correspondent about recent Israeli military actions in the West Bank, Qin stated that a recent Israeli military operation in Palestinian-controlled territory led to Palestinian deaths and property loss along with an escalation of tensions. China condemns such actions and urges the parties to end the violence and exercise restraint. Asked about China's policy on aid to the Palestinians,

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Qin responded that in the past Beijing provided assistance to the Palestinians within China's capacity and in accordance with the Palestinians' requests. Beijing will continue to provide assistance with no strings attached.

Release of Tibetan Nun

¶13. Responding to the AFP reporter's question regarding the release of Tibetan nun Phuntsog Nyidrol, Qin stated that she was diagnosed with certain

ailments. Therefore, based on humanitarian considerations, China allowed Phuntsog Nyidrol to travel to the United States for medical treatment on March 15.

Assistance to Developing Countries

¶14. Asked which developing countries will receive PRC assistance, Qin recalled that in President Hu Jintao's speech at the September 2005 Millennium Summit meeting he pledged assistance to developing nations. Premier Wen recently offered USD 20 billion toward this cause.

Councilor Tang's Visit to Sri Lanka

¶15. Qin reported that during State Councilor Tang Jiaxuan's recent trip to Sri Lanka, he met with President Rajapaksa and proposed to finalize an agreement on large-scale projects, including power plant construction. China will also help repair a damaged fishing port and provide assistance for a Sri Lankan sporting event. Beijing and Colombo agreed that the next UN Secretary General should come from an Asian nation, and that they would strengthen coordination on the selection process.

Spanish FM to Visit

¶16. Qin announced that Spanish FM Moratinos will visit China March 20-23 and meet with FM Li Zhaoxing and other Chinese leaders. FM Moratinos will attend the opening ceremony of the third China-Spain Forum. Commenting on the growth of bilateral exchanges since the signing of the strategic partnership in November 2005, Qin reported that bilateral trade with Spain rose 45 percent to USD 10.52 billion last year.

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